

Message Text

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ACTION EB-11

INFO OCT-01 AF-10 ISO-00 SS-20 SPC-03 L-03 INR-10 DRC-01

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FM AMEMBASSY NAIROBI

TO SECSTATE WASHDC 4200

INFO AMEMBASSY LUSAKA

C O N F I D E N T I A L NAIROBI 7385

STADIS//////////

E.O. 11652: GDS

TAGS: EMIN ZA US

SUBJECT: COPPER NEGOTIATIONS - GRZ AND AMAX

1. FOLLOWING UP ON TWO PREVIOUS TELECONS IN US
AMAX PRESIDENT MACGREGOR HAD SPECIAL ASSISTANT WIN
ARMSTRONG CALL AMBASSADOR WILKOWSKI IN NAIROBI THURSDAY
TO REPORT ON CURRENT STATUS OF NEGOTIATION RELATED TO
ABROGATION OF MANAGEMENT AND SALES CONTRACT. STATED
PURPOSE: TO PROVIDE AMBASSADOR WITH UNDERSTANDING OF
COMPANY'S VIEWS, SUMMARIZED AS FOLLOWS:

(A) ZAMBIANS HAVE REQUESTED AMAX REPS TO PROPOSE
TERMS FOR CHANGE IN ARTICLES OF ASSOCIATION,
ARGUING THAT UNTIL THERE IS AGREEMENT ON
SUCH A PROPOSAL THERE CAN BE NO REPEAT
NO DISCUSSION OF ANY NEW ARRANGEMENTS FOR
SALES, MANAGEMENT, OR COMPENSATION.

(B) AMAX LAWYERS IN NEW YORK WERE DESCRIBED
AS STRUGGLING TO SEE WHAT IF ANY OPTIONS
MIGHT BE ADVANCED TO CLEAR WAY AND BREAK
IMPASSE. ARMSTRONG SUGGESTED PHONING
AMBASSADOR AGAIN WHEN HIS STUDY COMPLETED.

(C) ZAMBIA'S DEMAND SAID TO PUT AMAX IN
VULNERABLE POSITION AS COMPANY INSISTS
IT HAS NO REPEAT NO LEGAL RIGHT TO SPEAK

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FOR 50-60,000 OTHER MINORITY SHAREHOLDERS,

MAINLY AMERICAN.

(D) ZAMBIANS MUST BE MADE TO UNDERSTAND
COMPANY'S VIEWS. YET NO REQUEST MADE
FOR USG REPRESENTATION, ONLY INFORMATION.

2. IN ENSUING DISCUSSION AMBASSADOR ASKED IF RCM'S
CORPORATE EXISTENCE CHANGED OR DENIED BY MULUNGUSHI
DECLARATION. IF COMPANY STILL LEGALLY INTACT AND
OPERATIVE, COULD ITS BOARD OF DIRECTORS MAKE
DECISION TO CIRCULARIZE NUMEROUS OTHER MINORITY
SHAREHOLDERS ON ISSUES AND SEEK THEIR VOTE ON A
REPRESENTATIVE OR SPOKESMAN WHO COULD PROTECT
THEIR RIGHTS? COULD SOME SUCH ACTION RESOLVE
PROBLEM FACING AMAX? ARMSTRONG CLAIMED TO LACK
LEGAL EXPERTISE TO COMMENT.

3. JEAN VUILLESQUEZ AND DENIS ACHESON REPORTED
STILL IN NEW YORK. LATTER MAY RETURN TO LUSAKA
EARLY NEXT WEEK.

4. AMBASSADOR SAID SHE LOOKING FORWARD TO SEEING
ACHESON NEXT WEEK. MEANWHILE, IF OCCASION ARISES
IN DISCUSSIONS WITH ZAMBIANS, SHE WOULD, IF ASKED,
REPEATED COMPANY'S VIEWS AS SHE UNDERSTOOD THEM
WITHOUT GIVING IMPRESSION USG INJECTING ITSELF
INTO NEGOTIATIONS.
LINDSTROM

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